

File AC 7/08/1004
Copy to RANDY

SUNWEST BANK of Albuquerque, N.A.

INTERNATIONAL DEPARTMENT

Date: September 13, 1985

P.O. Box 25500
Albuquerque, N M 87125-5500
U.S.A.

Cable Address: SUNWESTBK ABQ
Telex No.: 66 0430

Phone: (505) 765-2205

TO: UTAH BOARD OF OIL, GAS AND MINING
1588 West North Temple
Salt Lake City, Utah 84116

Ref: Our Letter of Credit No. _____

Gentlemen:

We attach original and one copy of our Letter of Credit ANB0851 in favor of yourself. Please deliver the original to the beneficiary, retaining a copy for your files. Your charges, if any, are for Account of Beneficiary.

(registered airmail)

Sincerely,

Sally A. Craig
Authorized Signature

10-091

... payment of reclamation costs in the amount of the August 19, 1980 Bond Estimate of One Hundred Nineteen Thousand Five Hundred Seventy Four Dollars (\$119,574.00).

This letter of credit shall be deemed automatically extended without amendment for one year from present or any future expiration date hereof, unless 30 days prior to any such date we shall notify you in writing that we elect not to consider this credit renewed for such additional one-year period. Notwithstanding the foregoing sentence, this paragraph shall not be construed under any circumstances as permitting an extension of the said expiration beyond September 12, 1990.

PLEASE SEE PAGE TWO.

* * * * *

YOU THAT

WE HEREBY AGREE WITH THE DRAWING, ENDORSEMENT AND PAYMENT OF DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT, THAT SUCH DRAFTS WILL BE DULY HONORED ON PRESENTATION TO THE DRAWEE IF NEGOTIATED ON OR BEFORE September 12, 1986, final expiry September 12, 1990, at counters Sunwest Bank, Intl. Dept.

DRAFTS DRAWN UNDER THIS CREDIT MUST BE ENDORSED AND CONTAIN THE CLAUSE: "DRAWN UNDER THE SUNWEST NATIONAL BANK LETTER OF CREDIT NO. ANB0851 DATED September 13, 1985." AND THE AMOUNTS OF SUCH DRAFTS MUST BE ENDORSED ON THE REVERSE SIDE HEREOF.

SUNWEST BANK OF ALBUQUERQUE, N.A.

THIS CREDIT IS SUBJECT TO UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1974 REVISION) INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 290.

THIS CREDIT IS SUBJECT TO UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1983 REVISION) INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 400.

Melissa Houston
AUTHORIZED SIGNATURE
John Lee
AUTHORIZED SIGNATURE

SUNWEST BANK of Albuquerque, N.A.

ADVISED VIA AIRMAIL DIRECTLY TO BENEFICIARY.

INTERNATIONAL DEPARTMENT

P. O. Box 25500 Albuquerque, New Mexico 87125-5500

STANDBY

IRREVOCABLE COMMERCIAL LETTER OF CREDIT NO. 1

UTAH BOARD OF OIL, GAS AND MINING
1588 West North Temple
Salt Lake City, Utah 84116

Date September 13, 1985

Amount USD 119,574.00

GENTLEMEN:

AT THE REQUEST OF Hecla Mining Company, P.O. Box 320, Wallace, Idaho 83873

AND FOR THE ACCOUNT OF same

WE HEREBY OPEN IN YOUR FAVOR OUR IRREVOCABLE LETTER OF CREDIT NOT EXCEEDING AN AGGREGATE

AMOUNT OF ONE HUNDRED NINETEEN THOUSAND FIVE HUNDRED SEVENTY-FOUR AND 00/100 U.S. DOLLARS

AVAILABLE BY YOUR DRAFT(S) AT *SIGHT* ON *US*

WHEN ACCOMPANIED BY THE DOCUMENTS LISTED BELOW:

1. The original of this letter of credit.
2. Beneficiary's signed statement that "Drawing is due to a determination under Section 40-8-14(c) of the Utah Code Annotated (UCA) that Hecla Mining Company has failed to carry out its land reclamation responsibilities."

FOR INFORMATION ONLY: Sunwest Bank of Albuquerque, N.A., ("the Bank") a bank organized in the United States, has been informed by Hecla Mining Company ("Hecla") that in connection with approval of Hecla's "Mining and Reclamation Plan" for the Escalante Silver Mine, located in Iron County, Utah, a form of reclamation surety is required as a condition of final approval. This letter of credit is issued for the purpose of assuring Hecla's payment of reclamation costs in the amount of the August 19, 1980 Bond Estimate of One Hundred Nineteen Thousand Five Hundred Seventy Four Dollars (\$119,574.00).

This letter of credit shall be deemed automatically extended without amendment for one year from present or any future expiration date hereof, unless 30 days prior to any such date we shall notify you in writing that we elect not to consider this credit renewed for such additional one-year period. Notwithstanding the foregoing sentence, this paragraph shall not be construed under any circumstances as permitting an extension of the said expiration beyond September 12, 1990.

PLEASE SEE PAGE TWO.

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YOU THAT

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WE HEREBY AGREE WITH THE DRAWER, ENDORSEMENT BANK AND HOLDER OF DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT, THAT SUCH DRAFTS WILL BE DULY HONORED ON PRESENTATION TO THE DRAWEE IF NEGOTIATED ON OR BEFORE September 12, 1986, final expiry September 12, 1990, at counters Sunwest

DRAFTS DRAWN UNDER THIS CREDIT MUST BE ENDORSED AND CONTAIN THE CLAUSE: "DRAWN UNDER THE ~~SUNWEST~~ ~~NATIONAL~~ BANK LETTER OF CREDIT NO. AN80851 DATED September 13, 1985," AND THE AMOUNTS OF SUCH DRAFTS MUST BE ENDORSED ON THE REVERSE SIDE HEREOF.

SUNWEST BANK OF ALBUQUERQUE, N.A.

THIS CREDIT IS SUBJECT TO UNIFORM CUSTOMS
AND PRACTICE FOR DOCUMENTARY CREDITS
(1974 REVISION) INTERNATIONAL CHAMBER
OF COMMERCE, PUBLICATION NO. 290

THIS CREDIT IS SUBJECT TO UNIFORM CUSTOMS
AND PRACTICE FOR DOCUMENTARY CREDITS
(1983 REVISION) INTERNATIONAL CHAMBER
OF COMMERCE PUBLICATION NO. 400

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

SUNWEST BANK of Albuquerque, N.A.

INTERNATIONAL DEPARTMENT

P. O. Box 25500 Albuquerque, New Mexico 87125-5500

Cable Address:
SUNWESTBK-ABQ
Telex Number:
660430

LETTER OF CREDIT

DATED SEPTEMBER 13, 1985.

PAGE TWO.

The Bank further agrees that it will notify the Board of any action filed alleging bankruptcy of the Bank, or alleging any other violation which would result in suspension of the Bank's charter or license to do business. In the event the Bank is unable to fulfill its obligations under the Letter of Credit for any reason, notice shall be immediately given to Hecla and the Board. Upon incapacity of the Bank to fulfill its obligations under the Letter of Credit, Hecla shall be deemed to be without performance bond coverage in violation of Section 40-8-14, UCA and Hecla has represented to the Bank that it shall discontinue mining activities until new reclamation surety coverage is approved by the Board.

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THIS CREDIT IS SUBJECT TO UNIFORM CUSTOMS
AND PRACTICE FOR DOCUMENTARY CREDITS
(1974 REVISION) INTERNATIONAL CHAMBER OF
COMMERCE, PUBLICATION NO. 250

THIS CREDIT IS SUBJECT TO UNIFORM CUSTOMS
AND PRACTICE FOR DOCUMENTARY CREDITS
(1983 REVISION) INTERNATIONAL CHAMBER
OF COMMERCE PUBLICATION NO. 400.